

Emnambithi / Ladysmith Municipality



**Annual Financial Statements
30 June 2011**

Annual Financial Statements
for
Emnambithi / Ladysmith Municipality
for the year ended 30 June 2011

Province :	Kwazulu-Natal
AFS rounding :	R'0 (to the nearest R1)

Contact Information:

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Emnambithi / Ladysmith Municipality
ANNUAL FINANCIAL STATEMENTS
30 JUNE 2011

General Information

Members of the Council

Mr M V Madlala	Mayor
Ms S R Mfusi	Deputy Mayor
Ms Z B Rasool	Speaker
Ms T Hadebe	Member of the Executive Committee
Mr P J Hurter	Member of the Executive Committee
Mr T P Makhaza	Member of the Executive Committee
Mr N M Mbatha	Member of the Executive Committee
Mr M N Mlotshwa	Member of the Executive Committee
Mr T Msomi	Member of the Executive Committee
Mr Z J Sibisi	Member of the Executive Committee

Municipal Manager

Mr N J Mdakane

Chief Financial Officer

Ms A R Ngwenya

Grading of Local Authority

Grade 4

Auditors

Auditor-General

Bankers

ABSA – Public Sector Banking

Registered Office :

Lister Clarence Building – 221 Murchison Street, Ladysmith

Physical Address :

Lister Clarence Building
Murchison Street
Ladysmith
3370

Postal Address :

P O Box 29
Ladysmith
3370

Telephone number :

036 –637 2231

Fax number :

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E-mail address :

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EMNAMBITHI / LADYSMITH MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

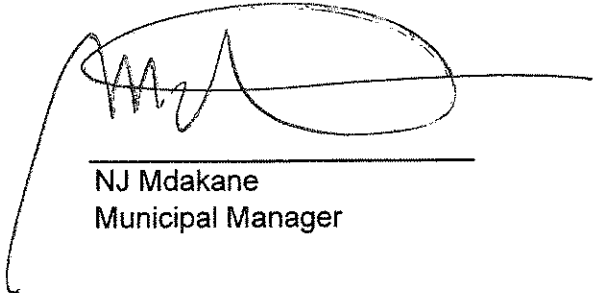
for the year ended

30 June 2011

Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 48, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 23 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



NJ Mdakane
Municipal Manager

31/08/2011

Date

EMNAMBITHI / LADYSMITH MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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EMNAMBITHI / LADYSMITH MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	Note	2011 R	2010 R
NET ASSETS AND LIABILITIES			
Net Assets		722,630,968	714,153,336
Housing Development Fund	1	22,792,258	20,333,587
Accumulated Surplus/(Deficit)		699,838,710	693,819,749
Non-Current Liabilities		44,361,732	42,434,515
Long-Term Borrowings	2	6,600,283	5,589,048
Finance Lease Obligation	2	73,200	72,555
Retirement Benefit Obligations	5	37,688,249	36,772,912
Current Liabilities		128,904,196	139,576,451
Consumer Deposits	3	7,464,953	7,221,134
Provisions	4	5,648,700	4,605,700
Trade and Other Payables from Exchange Transactions	6	63,318,912	68,062,587
Unspent Conditional Grants and Receipts	7	51,113,614	48,533,223
VAT Payable	8	-	-
Current Portion of Finance Lease Obligation	2	74,246	73,592
Current Portion of Borrowings	2	1,283,771	11,080,215
Total Net Assets and Liabilities		895,896,896	896,164,302
ASSETS			
Non-Current Assets		685,700,150	701,979,579
Property, Plant and Equipment	9	631,241,503	647,265,814
Intangible Assets	10	182,096	358,132
Investment Properties	11	54,085,000	54,019,000
Investments	12	-	-
Non-Current Receivables	13	191,551	336,633
Current Assets		210,196,746	194,184,723
Inventories	14	8,908,948	13,158,213
Trade and Other Receivables from Exchange Transactions	15	34,311,736	34,723,213
Other Receivables from Non-Exchange Transactions	16	27,371,356	17,107,817
VAT Receivable	8	723,563	750,396
Current Portion of Receivables	13	33,803	59,406
Short-Term Investments	12	53,955,064	30,654,903
Call Investment Deposits	17	82,997,183	83,567,369
Cash and Cash Equivalents	18	1,895,093	14,163,407
Total Assets		895,896,896	896,164,302

EMNAMBITHI / LADYSMITH MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2011

Budget		Note	Actual	
2010 R	2011 R		2011 R	2010 R
REVENUE				
94,347,229	101,693,222	19	101,693,924	94,347,228
8,569,719	9,547,236	Property Rates – Penalties imposed and Collection Charges	9,234,879	8,569,719
147,444,481	174,442,536	Service Charges	175,021,924	146,687,428
3,294,990	4,728,736	Interest Earned – External Investments	5,269,047	3,949,893
1,514,832	2,200,405	Interest Earned – Outstanding Debtors	1,078,141	1,514,831
4,144,286	5,760,835	Fines	4,363,734	4,144,136
4,994,169	6,384,759	Licences and Permits	6,184,630	4,994,170
81,217,608	105,060,721	Government Grants and Subsidies	145,330,120	110,723,601
-	-	Government Grants and Subsidies – Low Cost Housing	19,807,143	26,947,804
13,161,878	56,434,309	Other Income	23,013,539	16,539,165
-	-	Public Contributions, Donated Property, Plant and Equipment	-	-
2,932,747	-	Gains on Disposal of Property, Plant and Equipment	-	437,126
361,621,939	466,252,759	Total Revenue	490,997,081	418,855,102
EXPENSES				
94,662,408	110,578,418	22	114,977,312	98,409,984
12,610,883	14,034,013	Employee Related Costs	11,080,332	10,589,942
10,315,158	11,037,230	23	2,486,128	8,362,324
12,903,584	21,264,980	Debt Impairment	12,405,955	26,358,728
13,340,029	67,693,163	Indigency	75,273,538	59,098,539
32,577,821	32,750,015	Depreciation	27,656,336	25,916,790
2,213,927	408,000	Repairs and Maintenance	1,782,728	1,719,871
88,247,289	116,600,000	Finance Costs	113,539,623	88,247,288
5,678,184	5,547,614	Bulk Purchases	5,147,362	5,678,184
-	-	Grants / Subsidies and Rebates paid	11,274,037	4,326,565
-	-	Grant Expenses	19,807,143	26,947,804
60,539,745	128,122,458	Grants Expenses – Low Cost Housing	84,785,914	58,687,926
-	-	General Expenses	5,809,927	964,228
-	-	Impairment of Assets	422,000	173,684
-	-	Loss on Disposal of Property, Plant and Equipment	-	-
333,089,028	508,035,891	Total Expenses	486,448,334	415,481,858
28,532,911	-41,783,132	SURPLUS/(DEFICIT) FOR THE YEAR	4,548,746	3,373,244

EMNAMBITHI / LADYSMITH MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2011

	Housing Development Fund R	Accumulated Surplus/ (Deficit) R	Net Assets R
2009			
Balance at 1 July 2008 as restated	13,974,883	662,895,409	676,870,292
Surplus /(deficit for the year	-	21,589,594	21,589,594
Prior Year Adjustments	-	-13,501	-13,501
Correction of Error – PPE	-	5,342,247	5,342,247
Transfer to Housing Development Fund	3,458,008	-	3,458,008
Balance at 30 June 2009	17,432,891	689,813,748	707,246,639
2010			
Balance at 1 July 2009	17,432,891	689,813,748	707,246,639
Surplus /(deficit for the year	-	3,373,244	3,373,244
Prior Year Adjustments	-	632,756	632,756
Transfer to Housing Development Fund	2,900,696	-	2,900,696
Balance at 30 June 2010	20,333,587	693,819,749	714,153,336
2011			
Balance at 1 July 2010	20,333,587	693,819,749	714,153,336
Surplus /(deficit) for the period	-	4,548,746	4,548,746
Prior Year Adjustments & Transfers	-	1,470,215	1,470,215
Transfer to Housing Development Fund	2,458,671	-	2,458,671
Balance at 30 June 2011	22,792,257	699,838,710	722,630,968

EMNAMBITHI / LADYSMITH MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 R	2010 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		474,668,336	433,205,645
Cash paid to suppliers and employees		<u>-396,254,069</u>	<u>-348,649,384</u>
Cash generated from/(utilised in) operations	28	78,414,267	84,556,262
Interest received		6,347,188	5,464,724
Interest paid		<u>-1,782,728</u>	<u>-1,719,871</u>
NET CASH FROM OPERATING ACTIVITIES		<u><u>82,978,727</u></u>	<u><u>88,301,115</u></u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-63,611,975	-59,244,640
Purchase of intangible assets		<u>-121,182</u>	<u>-</u>
Proceeds on sale of assets		-	263,442
NET CASH FROM INVESTING ACTIVITIES		<u><u>-63,733,156</u></u>	<u><u>-58,981,198</u></u>
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised/(repaid)		-8,785,209	-1,542,614
Finance lease raised/(repaid)		1,299	-816,045
NET CASH FROM FINANCING ACTIVITIES		<u><u>-8,783,910</u></u>	<u><u>-2,358,659</u></u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		<u><u>10,461,661</u></u>	<u><u>26,961,258</u></u>
Cash and cash equivalents at the beginning of the year		128,385,678	101,424,420
- Short-Term Investments		30,654,903	-
- Call Investment Deposits		83,567,369	81,886,852
- Cash and cash equivalents		<u>14,163,407</u>	<u>19,537,568</u>
Cash and cash equivalents at the end of the year		138,847,340	128,385,678
- Short-Term Investments	12	53,955,064	30,654,903
- Call Investment Deposits	17	82,997,183	83,567,369
- Cash and cash equivalents	18	<u>1,895,093</u>	<u>14,163,407</u>

EMNAMBITHI / LADYSMITH MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2011

1. BASIS OF PREPARATION

1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The principle accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.4 COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

EMNAMBITHI / LADYSMITH MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

1.4 COMPARATIVE INFORMATION (Continued)

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

2. HOUSING DEVELOPMENT FUND

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

3. INTERNAL RESERVES

3.1 Self insurance reserve

The municipality has a Self-Insurance Reserve to set aside amounts to offset potential losses or claims that cannot be insured externally (excess payments). Premiums are charged to the respective services taking into account claims history and replacement values of the insured assets. The balance of the self-insurance fund is ringfenced within the accumulated surplus/(deficit).

The Council determines annually the amount to contribute to the Self Insurance Reserve.

Claims not fully covered by external insurance are financed from the insurance reserve by transferring a corresponding amount from the self-insurance reserve to the accumulated surplus.

EMNAMBITHI / LADYSMITH MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

3.1 Self insurance reserve (Continued)

The municipality operates a self-insurance scheme under the Self-Insurance Reserve, which has a policy that is aligned with the practice in the Insurance Industry. The balance of the Self-Insurance Reserve is determined based on surpluses accumulated since inception.

These surpluses arise from the differences between premiums charged against claims paid and various administrative expenditure incurred.

At the end of each financial year the surplus as computed per above is transferred from accumulated surplus to Self-Insurance Reserve.

The balance of the self-insurance fund is fully cash backed and is invested in a separate call account.

4. PROPERTY, PLANT AND EQUIPMENT

4.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

EMNAMBITHI / LADYSMITH MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

4.1 INITIAL RECOGNITION (Continued)

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost).

If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

4.2 SUBSEQUENT MEASUREMENT

Subsequent to initial recognition, property, plant and equipment are carried at depreciated replacement cost, being its fair value as at 30 June 2011, less any subsequent accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

An increase or decrease in the carrying amount of an asset as a result of a conditional assessment as at 30 June 2011 is credited/debited directly to accumulated surplus.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

4.3 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:-

EMNAMBITHI / LADYSMITH MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

4.3 DEPRECIATION AND IMPAIRMENT (Continued)

<u>DETAILS</u>	<u>YEARS</u>	<u>DETAILS</u>	<u>YEARS</u>
<i>Infrastructure</i>		<i>Other</i>	
Roads and Paving	5 – 100	Buildings	10 – 50
Pedestrian Malls	20	Specialised Vehicles	3 – 20
Electricity	10 – 50	Other Vehicles	3 – 20
Water	10 – 100	Office Equipment	5 – 7
Sanitation	10 – 100	Furniture and Fittings	10
Housing	30	Watercraft	15
Stormwater	25 – 120	Bins and Containers	5 – 10
<i>Community</i>		Specialised Plant and Equipment	5 – 15
Buildings	10 – 50	Other Items of Plant and Equipment	5 – 15
Recreational Facilities	10 – 100	Landfill sites	15
Security	3 – 5		

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

4.4 DERECOGNITION

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

EMNAMBITHI / LADYSMITH MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

5. INVESTMENT PROPERTY

Investment property is property (land or a building – or part of a building – or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired at no cost or for a nominal cost, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

5.1 Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the fair value of investment property under construction is not determinable, it is measured at cost until the earlier of the date it becomes determinable or construction is complete.

EMNAMBITHI / LADYSMITH MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

6. INTANGIBLE ASSETS

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired at no or nominal cost, the cost shall be its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

EMNAMBITHI / LADYSMITH MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

6. INTANGIBLE ASSETS (Continued)

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Servitudes	indefinite
Software	3 years

EMNAMBITHI / LADYSMITH MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

7. INVENTORIES

7.1 INITIAL RECOGNITION

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

7.2 SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

EMNAMBITHI / LADYSMITH MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

8. FINANCIAL INSTRUMENTS

8.1 INITIAL RECOGNITION

Financial instruments are initially recognised at fair value.

8.2 SUBSEQUENT MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale.

Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

8.2.1 INVESTMENTS

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

8.2.2 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

8.2.3 TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

8.2.4 CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of four months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

EMNAMBITHI / LADYSMITH MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

9. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

10. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

11. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

12. PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

EMNAMBITHI / LADYSMITH MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

12. PROVISIONS (Continued)

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

13. LEASES

13.1 MUNICIPALITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

EMNAMBITHI / LADYSMITH MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

13.1 MUNICIPALITY AS LESSEE (Continued)

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

14. REVENUE

14.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

EMNAMBITHI / LADYSMITH MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

14.1 REVENUE FROM EXCHANGE TRANSACTIONS (Continued)

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

14.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, the revenue is recognized as unspent grants.

EMNAMBITHI / LADYSMITH MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

14.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS (Continued)

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

14.3 GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

15. BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

EMNAMBITHI / LADYSMITH MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

16. RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. Specific actuarial information in respect of individual participating municipalities is unavailable due to centralised administration of these funds. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

Other post-employment benefit obligations

The municipality provides post-retirement healthcare benefits to its retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. This benefit has since been restricted to persons 50 years and older of age as at 1 July 2005. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The expected costs of these benefits will be accrued over the period of employment using an accounting methodology similar to that used for defined benefit pension plans. Actuarial gains and losses arising and changes in actuarial assumptions, are charged or credited to income over the expected average remaining working lives of the relevant employees.

EMNAMBITHI / LADYSMITH MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
1. HOUSING DEVELOPMENT FUND		
Housing Development Fund	22,792,258	20,333,587
Unappropriated Surplus/(Deficit)	(24,332,244)	(26,790,915)
Loans extinguished by Government on 1 April 1998	47,124,502	47,124,502
The Housing Development Fund is represented by the following assets and liabilities		
Property, plant and equipment	-	-
Housing selling scheme loans	(2,283,869)	(2,108,213)
Housing rental debtors	-	-
Bank and cash	25,076,127	22,441,800
Sub-total	22,792,258	20,333,587
Creditors	-	-
Total Housing Development Fund Assets and Liabilities	22,792,258	20,333,587
2. NON-CURRENT LIABILITIES		
<i>2.1 External Loans (Borrowings)</i>		
Loans	7,884,054	16,669,160
Receiver of Revenue – Housing Debtors	0	103
	7,884,054	16,669,263
Less : Current portion transferred to current liabilities – Borrowings	(1,283,771)	(11,080,215)
	(1,283,771)	(11,080,215)
Total Borrowings	6,600,283	5,589,048
Refer to Appendix A for more detail on long-term liabilities.		
The Municipality redeemed its First National Bank Loan in full on 30 November 2010 .		
<i>2.2 Finance Lease Obligations</i>		
Minimum lease payments due		
– within one year	109,491	88,417
– in second to fifth year inclusive	64,528	78,757
– later than five years	-	-
	174,018	167,174
Less : Future finance charges	(26,572)	(21,026)
Present value of minimum lease payments	147,446	146,147
Present value of minimum lease payments due		
– within one year	74,246	73,592
– in second to fifth year inclusive	73,200	72,555
– later than five years	-	-
	147,446	146,147
Non-current liabilities	73,200	72,555
Current liabilities	74,246	73,592

It is the Municipality's policy to lease certain equipment under finance leases. The average lease term was 5 years and the average effective borrowing rate was 11.86% (2010 : 11.86%). Interest rates are fixed at the contract date. All leases have fixed repayments, except for two that have a 15% and 10% escalation, and no arrangements have been entered into for contingent rent.

EMNAMBITHI / LADYSMITH MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
3. CONSUMER DEPOSITS		
Electricity	7,464,953	7,221,134
Total Consumer Deposits	7,464,953	7,221,134
Interest is not paid on Consumer Deposits		
Guarantees held in lieu of Electricity Deposits	2,656,020	2,657,122
4. PROVISIONS		
<u>Environmental Rehabilitation : Landfill Site</u>		
Balance at beginning of year	4,605,700	4,367,000
Contribution to provision	1,043,000	238,700
Total Provision	5,648,700	4,605,700
Provision for reclamation of refuse landfill site. In terms of the licencing of the refuse landfill site, council will incur rehabilitation estimation costs of R 5 022 050 (2010 : R 4 605 700) to restore the site at the end of its useful life.		
The calculation is based on the total actual area of the Landfill site which is in use and unrehabilitated multiplied by the last known actual rehabilitation cost per hectare escalated to current cost.		
5. RETIREMENT BENEFIT OBLIGATIONS		
<u>Post-Retirement Medical Aid Plan</u>		
The Municipality provides post-retirement healthcare benefits to certain of its retirees.		
The valuation was performed by Independent Actuarial Consultants Pty Ltd (IAC).		
Independent Actuarial Consultants Pty Ltd (IAC) is not connected to the Municipality.		
The full actuarial valuation report is available on request.		
The post retirement medical aid plan consists of the Bonitas, LA Health, Key Health and Samwumed medical aid funds.		
The total in-service employees belonging to Medical Schemes as at 30 June 2011 were 27 and the total continuation employees receiving the medical benefit as at 30 June 2011 were 68.		
<u>The amounts recognised on the Statement of Financial Position are as follows:</u>		
Present value of obligations	37,688,249	36,772,912
Fair value of plan assets	-	-
Unrecognised Past Service cost	-	-
Unrecognised actuarial (gains)/losses	-	-
Liability Recognised in Balance Sheet	37,688,249	36,772,912
<u>Movement in the Defined Benefit Obligation recognised in the Statement of Financial Position:</u>		
Previous opening liability	36,772,912	36,368,912
Transitional liability recognised	-	-
Current service cost	1,067,000	1,107,000
Interest cost	3,426,000	3,398,000
Actual benefits paid	(1,370,918)	(1,867,000)
Actuarial loss / (gain)	(2,206,745)	(2,234,000)
Closing Balance	37,688,249	36,772,912
<u>The amounts recognised in the income statement are as follows:</u>		
Current service cost	1,067,000	1,107,000
Interest cost	3,426,000	3,398,000
Actuarial loss / (gain) recognised	(2,206,745)	(2,234,000)
Transitional liability recognised	-	-
Total included in income statement	2,286,255	2,271,000
<u>Principle actuarial assumptions used:</u>		
Discount rate	8.60%	9.30%
Health care cost inflation	7.40%	7.60%
Average retirement age-Males	63	63
Average retirement age-Females	60	60
Continuation of membership at retirement	90.00%	90.00%

2011
R

2010
R

The effect of a 1% movement in the assumed medical cost trend rate

	1% decrease	Base	1% increase
Current employees	15,928,534	17,712,651	19,798,669
Continuation	18,224,750	19,975,599	22,025,635
All	34,153,285	37,688,249	41,824,304

The effect of a 1% movement in the assumed medical cost trend rate on interest and service cost

	1% decrease	Base	1% increase
Current service cost	966,702	1,067,000	1,184,370
Interest cost	3,079,974	3,426,000	3,830,268

Mortality improvements sensitivity

	Base	PA(90) -2	PA(90) -3
Current employees	17,712,651	18,319,699	18,930,447
Continuation	19,975,599	20,783,413	21,605,786
All	37,688,249	39,103,112	40,526,233

Continuation Assumption Sensitivity – Current employees not on medical aid

	25%	Base (50%)	75%
Current employees	13,973,419	17,712,651	21,451,883
Continuation	19,975,599	19,975,599	19,975,599
All	33,949,017	37,688,249	41,427,481

The Municipality expects to pay R 2.5 million to its post-retirement medical aid plan in 2012.

6. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Creditors	11,477,583	8,131,218
Sundry Creditors	32,288,976	35,651,128
Creditors – Operating Leases	1,898	1,898
Unidentified Deposits In Primary Bank Account	470,359	12,079,441
Deposits : Other	1,660,968	1,658,684
Other Creditors	67,500	43,049
Staff Leave	6,664,239	4,069,803
Payments Received In Advance i.r.o. Service Debtors	10,687,389	6,427,367
Total Trade and Other payables from Exchange Transactions	63,318,912	68,062,587

Trade Creditors are valued at fair value as creditors are paid 30 days from date of statement.

7. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Conditional Grants from other Spheres of Government	51,113,614	48,533,223
Municipal Infrastructure Grant (MIG)	-	-
Dept of Housing	27,313,863	27,963,588
Financial Management Grant (FMG)	-	-
Municipal Systems Improvement Grant (MSIG)	-	-
Department of Minerals & Energy (DME)	2,952,776	4,590,452
Integrated National Electricity Programme (INEP)	6,006,000	-
Neighbourhood Development Programme (NDPG)	8,729,241	-
Small Town Rehabilitation (STR)	1,694,449	12,064,264
Other Grants	4,417,286	3,914,919
Total Conditional Grants and Receipts	51,113,614	48,533,223

8. VAT PAYABLE / RECEIVABLE

Vat Payable / (Receivable)	(723,563)	(750,396)
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VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS.

EMNAMBITHI / LADYSMITH MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

9. PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2011

Reconciliation of Carrying Value	Infrastructure R	Community R	Heritage R	Other R	Land R	Leased Assets	Total R
Carrying values at 1 July 2010	474,816,938	38,626,931	15,295,148	94,081,587	24,322,000	123,209	647,265,814
Cost	1,023,003,685	125,474,087	15,302,512	178,901,323	24,322,000	364,705	1,367,368,313
Accumulated impairment	-	-	-	-	-	-	-
Accumulated depreciation	(548,186,747)	(86,847,156)	(7,363)	(84,819,736)	-	(241,496)	(720,102,498)
Acquisitions	8,990,514	3,382,921	-	11,708,720	-	-	24,082,155
Capital under Construction	29,144,237	5,625,752	-	4,759,831	-	-	39,529,819
Depreciation	(42,970,474)	(14,566,419)	(3,637)	(17,384,460)	-	(51,330)	(74,976,321)
Impairment	-	-	-	(5,809,927)	-	-	(5,809,927)
Carrying value of disposals	-	-	-	1,149,963	-	-	1,149,963
Cost/revaluation	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	1,149,963	-	-	1,149,963
Carrying values at 30 June 2011	469,981,215	33,069,185	15,291,511	88,505,713	24,322,000	71,879	631,241,503
Cost	1,061,138,436	134,482,760	15,302,512	189,559,947	24,322,000	364,705	1,425,170,360
Accumulated depreciation	(591,157,221)	(101,413,575)	(11,001)	(101,054,233)	-	(292,826)	(793,928,856)

30 June 2010

Reconciliation of Carrying Value	Infrastructure R	Community R	Heritage R	Other R	Land R	Leased Assets	Total R
Carrying values at 1 July 2009	486,426,595	36,213,510	15,345,184	80,003,345	24,322,000	196,150	642,506,785
Cost	992,006,776	116,829,408	15,346,262	133,290,103	24,322,000	364,705	1,302,159,254
Accumulated impairment	-	-	-	-	-	-	-
Accumulated depreciation	(505,580,181)	(80,615,898)	(1,077)	(73,286,758)	-	(168,555)	(659,652,469)
Acquisitions	7,204,123	7,340,679	6,250	16,024,563	-	-	30,575,615
Capital under Construction	24,154,615	1,304,000	-	3,458,021	-	-	28,916,636
Depreciation	(42,606,566)	(6,231,258)	(6,286)	(9,946,578)	-	(72,941)	(58,863,629)
Impairment	(361,828)	-	-	(602,400)	-	-	(964,228)
Carrying value of disposals	-	-	-	(247,611)	-	-	(247,611)
Cost/revaluation	-	-	-	(247,611)	-	-	(247,611)
Accumulated depreciation	-	-	-	-	-	-	-
Carrying values at 30 June 2010	474,816,938	38,626,931	15,295,148	94,081,587	24,322,000	123,209	647,265,814
Cost	1,023,003,685	125,474,087	15,302,512	178,901,323	24,322,000	364,705	1,367,368,313
Accumulated depreciation	(548,186,747)	(86,847,156)	(7,363)	(84,819,736)	-	(241,496)	(720,102,498)

Refer to Appendix B for more detail on property, plant and equipment.

Infrastructure Assets

Physical verification and valuation

- New Infrastructure assets were physically verified during the 2010/2011 financial year. During this process the asset location, condition and maintenance history was recorded and evaluated.
- During the 2009/2010 financial year, the municipality identified assets relating to the prior year that were not previously disclosed. The municipality has subsequently disclosed these assets by way of a prior year adjustment.
- All assets were verified and condition assessments done during the year.

Movable Assets

Physical verification and valuation

- All the movable assets have been physically verified during the year. During this process the asset location, condition, description and custodian was recorded and evaluated.
- During the 2010/2011 financial year, the municipality identified assets relating to the prior year that were not previously disclosed. The municipality has subsequently disclosed these assets by way of a prior year adjustment.
- A 100% verification and condition assessment was done in 2010/2011.

Disclosure of the asset information not disclosed previously.

- Actual values were used where supporting information was available. For the remaining assets the DRC methodology was followed to determine the deemed cost of these assets.
- The opening balance for the take on values of the assets as well as for accumulated depreciation is restated. This adjustment is made directly to accumulated surplus.

10. INTANGIBLE ASSETS

30 June 2011

	Opening Balance R	Additions R	Disposals R	Transfers R	Total R
Cost					
Servitudes	26,623	-	-	-	26,623
Computer Software	800,149	121,182	-	-	921,331
Total	826,772	121,182	-	-	947,954
Accumulated Amortisation					
Servitudes	-	-	-	-	-
Computer Software	(468,640)	(297,218)	-	-	(765,858)
Total	(468,640)	(297,218)	-	-	(765,858)
Carrying Value	358,132	(176,036)	-	-	182,096

30 June 2010

	Opening Balance R	Additions R	Disposals R	Transfers R	Total R
Cost					
Servitudes	26,623	-	-	-	26,623
Computer Software	800,149	-	-	-	800,149
Total	826,772	-	-	-	826,772
Accumulated Amortisation					
Servitudes	-	-	-	-	-
Computer Software	(233,730)	(234,910)	-	-	(468,640)
Total	(233,730)	(234,910)	-	-	(468,640)
Carrying Value	593,043	(234,910)	-	-	358,132

Physical verification and valuation

- All the intangible assets have been verified during the year. During this process the asset location and description was recorded and evaluated.

Intangible assets disclosed relate to servitudes registered by the municipality. The balance of the servitudes are disclosed in Property, Plant and Equipment. It has been the policy of this municipality to capitalise servitudes to projects which are currently disclosed as Infrastructure costs.

EMNAMBITHI / LADYSMITH MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

2011
R

2010
R

11. INVESTMENT PROPERTIES

30 June 2011

	Opening Balance R	Additions R	Disposals R	Impairment R	Transfers R	Total R
Cost	54,019,000	66,000			-	54,085,000
Total	54,019,000	66,000	-	-	-	54,085,000
Accumulated Depreciation	-	-	-	-	-	-
Total	-	-	-	-	-	-
Carrying Value	54,019,000	66,000	-	-	-	54,085,000

30 June 2010

	Opening Balance R	Additions R	Disposals R	Impairment R	Transfers R	Total R
Cost	54,719,000		(700,000)		-	54,019,000
Total	54,719,000	-	(700,000)	-	-	54,019,000
Accumulated Depreciation	-	-	-	-	-	-
Total	-	-	-	-	-	-
Carrying Value	54,719,000	-	(700,000)	-	-	54,019,000

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

The fair value of the above properties is R 54 085 000 (2010 : R 54 019 000). Investment properties have been valued in accordance with the new municipal valuation roll which became effective on 1 July 2008 and has been adjusted to take into account current market conditions.

12. INVESTMENTS

Long-Term Investments	-	-
Short-Term Investments	-	25,624,658
- ABSA		-
- First National Bank	10,003,090	-
- Investec	23,690,439	5,030,245
- Nedbank	20,261,534	-
Total Investments	<u>53,955,064</u>	<u>30,654,903</u>

13. NON-CURRENT RECEIVABLES

State Housing Selling Schemes	196,735	364,179
Land Sales	-	-
Staff Housing Loans	28,619	31,859
Housing Loan Debtors		
	<u>225,354</u>	<u>396,038</u>
Less : Current Portion transferred to current receivables	33,803	59,406
State Housing Selling Schemes	29,510	54,627
Land Sales	-	-
Staff Housing Loans	4,293	4,779
Housing Loan Debtors	-	-
Total	<u>191,551</u>	<u>336,633</u>

EMNAMBITHI / LADYSMITH MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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14. INVENTORIES

Unsold properties held for resale
Consumable Stores
Total Inventory

4,666,000
4,242,948
8,908,948
6,650,500
6,507,713
13,158,213

15. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

As at 30 June 2011

Service debtors
Rates
Electricity
Refuse
Housing Debtors
Total

Gross Balances
Provision for Bad Debts
Net Balance

93,039,551
69,042,329
19,515,087
4,482,135
1,563,390
94,602,942
(58,853,721)
(54,046,638)
(2,781,251)
(2,025,831)
(1,437,485)
(60,291,206)
34,185,831
14,995,691
16,733,835
2,456,304
125,905
34,311,736

As at 30 June 2010

Service debtors
Rates
Electricity
Refuse
Housing Debtors
Total

Gross Balances
Provision for Bad Debts
Net Balance

95,101,533
72,596,376
18,289,501
4,215,655
1,478,412
96,579,944
(60,497,381)
(55,292,986)
(2,560,422)
(2,643,973)
(1,359,350)
(61,856,731)
34,604,152
17,303,390
15,729,080
1,571,682
119,061
34,723,213

Rates : Ageing

Current (0 – 30 days)
31 – 60 Days
61 – 90 Days
91 – 120 Days
121+ Days
Total

739,459
2,193,108
1,245,372
1,202,007
63,662,383
69,042,329

(946,760)
2,752,190
1,914,709
1,887,448
66,988,790
72,596,376

Electricity : Ageing

Current (0 – 30 days)
31 – 60 Days
61 – 90 Days
91 – 120 Days
121+ Days
Total

12,758,197
1,390,944
233,577
122,995
5,010,341
19,516,054

10,759,293
1,427,150
283,558
174,656
5,644,845
18,289,501

Refuse : Ageing

Current (0 – 30 days)
31 – 60 Days
61 – 90 Days
91 – 120 Days
121+ Days
Total

588,100
193,022
130,740
123,670
3,446,603
4,482,135

649,429
188,237
132,760
127,146
3,118,083
4,215,655

EMNAMBITHI / LADYSMITH MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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Reconciliation of the doubtful debt provision

Balance at beginning of the year	61,856,731	71,441,661
Contributions to provision	1,146,827	8,362,324
Additional provision for impairment	-	-
Doubtful debts written off against provision	(2,712,352)	(17,947,254)
Reversal of provision	-	-
Balance at year end	<u>60,291,206</u>	<u>61,856,731</u>

Trade and other receivables impaired

As of 30 June 2011, trade and other receivables of R78 954 763 (2010: R 86 117 983) were impaired and provided for.
The amount of the provision was R60 291 206 as of 30 June 2011 (2010: R61 856 731).
The ageing of these receivables is as follows:

31 – 60 Days	2,408,233	3,137,138
61 – 90 Days	1,149,584	1,674,327
91 – 120 Days	1,066,081	1,572,493
121+ Days	55,667,309	55,472,773
	<u>60,291,206</u>	<u>61,856,731</u>

The fair value of trade and other receivables approximates their carrying amounts.

16. OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Vat Service Debtors	3,654,728	3,410,558
Service Debtors – Conversion Debt	6,862	(14,499)
Colenso / Nkanyezi Arrears – Debtors	0	(172)
Colenso / Nkanyezi Availability Charges – Debtors	(0)	(6,030)
Legal Fees – Debtors	2,816,837	2,724,224
Credit Control Costs – Debtors	36,565	57,339
Sundry Debtors	<u>25,652,286</u>	<u>14,393,017</u>
	32,167,278	20,564,438
Less : Provision for Impairment	(4,795,922)	(3,456,621)
Total Other Debtors	<u>27,371,356</u>	<u>17,107,817</u>

EMNAMBITHI / LADYSMITH MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
17. CALL INVESTMENT DEPOSITS		
The Municipality has the following call investment bank accounts :-		
<u>General Call Account</u> ABSA Bank – Public Sector Banking Account Number 9207051716 Bank statement balance at end of period	9,813,231	213,453
<u>Department of Housing Grants Call Account</u> ABSA Bank – Public Sector Banking Account Number 9207052314 Bank statement balance at end of period	41,796,537	42,129,618
<u>Grant Funds Call Account</u> ABSA Bank – Public Sector Banking Account Number 9207054081 Bank statement balance at end of period	16,412,104	16,598,422
<u>Capital Projects Loan Call Account</u> ABSA Bank – Public Sector Banking Account Number 9207054502 (Account Closed on 21 September 2010) Bank statement balance at end of period	–	368,964
<u>Aloe and Berg Tea Call Account</u> ABSA Bank – Public Sector Banking Account Number 9207054934 Bank statement balance at end of period	264,034	129,118
<u>Valuations Call Account</u> ABSA Bank – Public Sector Banking Account Number 9216278503 Bank statement balance at end of period	3,368,688	3,212,863
<u>Thusong Service Centre Call Account</u> ABSA Bank – Public Sector Banking Account Number 9207055346 (Account Closed on 24 January 2011) Bank statement balance at end of period	–	2,672
<u>Depreciation Call Account</u> ABSA Bank – Public Sector Banking Account Number 9216278799 Bank statement balance at end of period	4,174,156	15,882,030
<u>Small Town Rehabilitation Grant Call Account</u> ABSA Bank – Public Sector Banking Account Number 9236394943 Bank statement balance at end of period	2,486,195	3,172,556
<u>Ladysmith Black Mambazo Call Account</u> ABSA Bank – Public Sector Banking Account Number 236410696 Bank statement balance at end of period	1,698,338	1,857,673
<u>Self-Insurance Fund Call Account</u> ABSA Bank – Public Sector Banking Account Number 9251267674 Bank statement balance at end of period	2,983,900	–
Total Call Deposits	82,997,183	83,567,369

EMNAMBITHI / LADYSMITH MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
18. CASH AND CASH EQUIVALENTS		
The Municipality has the following bank account :-		
<u>Current Account (Primary Bank Account)</u>		
ABSA Bank – Public Sector Banking Account Number 4071756088		
Cash book balance at beginning of year	14,163,407	19,537,568
Cash book balance at end of period	1,895,093	14,163,407
Bank statement balance at beginning of year	15,665,461	17,032,571
Bank statement balance at end of period	10,294,546	15,665,461
19. PROPERTY RATES		
<u>Actual</u>		
Residential	51,683,870	42,503,357
Commercial	32,312,993	35,235,919
State	17,697,061	16,607,953
Total Assessment Rates	101,693,924	94,347,228
<u>Valuations</u>	R'000	R'000
Residential	5,447,678	5,070,021
Commercial	2,435,068	2,704,254
State	863,056	823,804
Total Property Valuations	8,745,802	8,598,079
Valuation on land and buildings is performed every five years. The last valuation came into effect on 1 July 2008. Supplementary valuations are processed on a ad-hoc basis to take into account changes in individual property values due to change in use, alterations, consolidations and subdivisions.		
A residential property allocation factor of R0.01170 is applied to residential property valuations to determine assessment rates less R15 000 impermissible valuation allowed. A factor of R0.021 is applied to commercial and industrial with R15 000 impermissible valuation allowed. A factor of R0.0029 and is applied to both Agricultural and Public Service Infrastructure respectively with R15 000 and 30% impermissible allowed respectively and phased in over 3 years, 2011 being the third year. A factor of R0.0486 is applied to vacant land. A factor of R0.0216 is applied to State Domestic with R 15 000 impermissible valuation allowed. A factor of R0.0163 is applied to Ithala owned properties with R 15 000 impermissible valuation allowed. A factor of R 0.0117 is applied to Game Hunting & Eco-Tourism with R15 000 impermissible valuation allowed and phased in over 3 years, 2011 being the third year.		
Rates are levied on a monthly basis on property owners with the final date of payment being 30 June 2011 (2010: 30 June 2010). Interest at 18% per annum (2010: 18%) is levied on outstanding rates as well as a 10% (2010: 10%) collection charge two months after final date of payment.		
20. SERVICE CHARGES		
Sale of electricity	162,089,701	135,344,927
Refuse removal	12,932,223	11,342,502
Total Service Charges	175,021,924	146,687,428
21. GOVERNMENT GRANTS AND SUBSIDIES		
Equitable share	83,304,153	67,439,465
Provincial Health Subsidies	7,972,756	7,147,639
Municipal Infrastructure Grant (MIG)	22,130,650	14,024,593
Dept of Housing	19,807,143	26,947,804
Museum Subsidy	-	57,000
Financial Management Grant – Interns Salaries	1,200,000	1,952,675
Municipal Systems Improvement Grant	750,000	735,000
Department of Mineral & Energy (DME)	5,637,676	1,083,461
Integrated National Electricity Programme (INEP)	-	-
Neighbourhood Development Programme	9,563,759	-
Small Town Rehabilitation (STR)	10,369,815	10,936,736
Other Grants	4,401,311	7,347,031
Total Government Grant and Subsidies	165,137,263	137,671,405

EMNAMBITHI / LADYSMITH MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

2011
R

2010
R

21.1 Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents and automatic indigents, whose Property Valuation is R 70 000 and less, receive a credit for their Property Rates and their monthly services account.

21.2 Provincial Health Subsidies

Balance unspent at beginning of year	-	-
Current year receipts – included in Health Services Vote	7,972,756	7,147,639
Conditions met – transferred to revenue	(7,972,756)	(7,147,639)
Conditions still to be met – transferred to liabilities	-	-

The Municipality renders health services on behalf of the Provincial Government and is refunded approximately 100% of total expenditure incurred. This grant has been used exclusively to fund clinic services and health inspections (included in the Health Services vote in Appendix D). The conditions of the grant have been met.

21.3 Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	-	-
Balance overspent at beginning of year (Debtor Raised)	(1,274,660)	(6,699,467)
Current year receipts	14,620,000	19,449,400
Conditions met – transferred to revenue (Other)	(22,130,650)	(14,024,593)
Funds not yet received – spending in advance (Debtor Raised)	8,785,310	1,274,660
Conditions still to be met – transferred to liabilities	-	-

This grant was used to construct roads and bridges, sportsfields and streetlighting as part of the upgrading of informal settlement areas (included in the votes in Appendix B). No funds have been withheld.

21.4 Department of Housing

Balance unspent at beginning of year	27,963,588	38,148,146
Current year receipts	19,157,418	16,763,246
Conditions met – transferred to revenue	(19,807,143)	(26,947,804)
Conditions still to be met – transferred to liabilities	27,313,863	27,963,588

This grant was used to construct houses as part of the upgrading of informal settlement areas.

21.5 Museum subsidy

Balance unspent at beginning of year	-	-
Current year receipts	-	57,000
Conditions met – transferred to revenue	-	(57,000)
Conditions still to be met – transferred to liabilities	-	-

This grant was used to subsidise expenses incurred solely for the museums.

21.6 Financial Management Grant (FMG)

Balance unspent at beginning of year	-	1,202,675
Current year receipts	1,200,000	750,000
Conditions met – transferred to revenue	(1,200,000)	(1,952,675)
Conditions still to be met – transferred to liabilities	-	-

This grant was used for Interns' salaries to advance the implementation of the MFMA, training of officials to meet the minimum competency requirements, and Asset Management.

EMNAMBITHI / LADYSMITH MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

2011
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21.7 Municipal Systems Improvement Grant (MSIG)

Balance unspent at beginning of year	-	-
Current year receipts	750,000	735,000
Conditions met – transferred to revenue	(750,000)	(735,000)
Conditions still to be met – transferred to liabilities	-	-

This grant was used for systems to comply with the MPRA and Audit Outcomes i.t.o. GRAP.

21.8 Department of Minerals and Energy (DME) Grant

Balance unspent at beginning of year	4,590,452	17,913
Current year receipts	4,000,000	5,656,000
Conditions met – transferred to revenue	(5,637,676)	(1,083,461)
Conditions still to be met – transferred to liabilities	2,952,776	4,590,452

This grant was used for electricity connections to households in various areas.

21.9 Integrated National Electricity Programme Grant (INEP)

Balance unspent at beginning of year	-	-
Current year receipts	6,006,000	-
Conditions met – transferred to revenue	-	-
Conditions still to be met – transferred to liabilities	6,006,000	-

This grant was used for electricity connections to households in various areas.

21.10 Neighbourhood Development Grant (NDPG)

Balance unspent at beginning of year	-	-
Current year receipts	18,293,000	-
Conditions met – transferred to revenue	(9,563,759)	-
Conditions still to be met – transferred to liabilities	8,729,241	-

This grant is used for the upgrading of rural areas in terms of Infrastructure development which includes streetlighting, pavements, taxi ranks, bridges, etc.

21.11 Small Town Rehabilitation Programme Grant (STRP)

Balance unspent at beginning of year	12,064,264	-
Current year receipts	-	23,001,000
Conditions met – transferred to revenue	(10,369,815)	(10,936,736)
Conditions still to be met – transferred to liabilities	1,694,449	12,064,264

This grant was used for the upgrading of the CBD roads, town beautification, sidewalks, parks and informal trader shelters.

21.12 Other Grants

Balance unspent at beginning of year	3,914,919	3,548,555
Current year receipts	4,903,678	7,258,115
Conditions met – transferred to revenue (Other)	(4,401,311)	(6,891,751)
Conditions still to be met – transferred to liabilities	4,417,286	3,914,919

21.13 Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act, (Act 1 of 2005), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

EMNAMBITHI / LADYSMITH MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
22. EMPLOYEE RELATED COSTS		
Employee related costs – Salaries and Allowances	82,377,660	73,231,273
Employee related costs – Contributions for UIF, pensions, medical aids and group life	17,719,047	15,896,474
Travel allowances	5,233,855	4,111,117
Housing benefits and allowances	627,283	681,452
Overtime & standby payments	6,973,300	6,636,908
Performance bonus	315,922	299,962
Job Creation	15,728,709	12,186,594
Less : Employee costs to Property, Plant and Equipment and other expenses	(13,998,464)	(14,633,796)
Total Employee Related Costs	114,977,312	98,409,984

There were no advances or loans to employees.

Remuneration of the Municipal Manager

Annual Remuneration	907,476	836,538
Performance Bonus	117,115	97,098
Total	1,024,591	933,636

Remuneration of the Chief Financial Officer

Annual Remuneration	559,900	556,453
Overtime & Standby	-	-
Performance Bonus / Annual Bonus	-	24,590
Housing Benefits and Allowances	-	-
Travel Allowance	173,433	70,619
Contributions to UIF, Medical and Pension Funds	-	84,494
Total	733,333	736,156
	(11 months)	

Remuneration of Individual Executive Managers / Managers (HOD's)
30 June 2011

	Economic Development (M)	Governance & Transformation (EM)	Electrical Services (EM)
Annual Remuneration	382,076	710,234	639,833
Overtime & Standby	58,419	-	-
Performance/Annual Bonuses	99,403	99,403	-
Housing Benefits and Allowances	-	-	-
Travel Allowance	152,935	60,000	93,500
Contributions to UIF, Medical and Pension Funds	78,450	-	-
Contributions to Group Life	-	-	-
Total	771,285	869,638	733,333
			(11 months)

30 June 2011

	Corporate Services (M)	Engineering Services (M)	Public Safety (M)
Annual Remuneration	327,720	343,644	327,720
Overtime & Standby	66,855	70,103	66,855
Performance Bonuses/Annual Bonuses	27,310	28,637	27,310
Housing Benefits and Allowances	5,556	-	-
Travel Allowance	154,661	131,134	156,761
Contributions to UIF, Medical and Pension Funds	114,638	87,458	114,638
Contributions to Group Life	5,112	-	-
Total	701,852	660,976	693,284

EMNAMBITHI / LADYSMITH MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

2011
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30 June 2010

	Economic Development (EM)	Governance & Transformation (EM)	Electrical Services (EM)
Annual Remuneration	522,452	650,024	295,012
Overtime & Standby	-	-	-
Performance Bonuses/Annual Bonuses	63,395	57,056	82,414
Housing Benefits and Allowances	-	-	-
Travel Allowance	164,057	60,000	60,000
Contributions to UIF, Medical and Pension Funds	23,515	-	-
Contributions to Group Life	-	-	-
Total	773,419	767,080	437,426

30 June 2010

	Corporate Services (M)	Engineering Services (M)	Public Safety (M)
Annual Remuneration	301,752	301,752	301,752
Overtime & Standby	67,163	67,163	67,163
Performance Bonuses/Annual Bonuses	24,590	24,590	24,590
Housing Benefits and Allowances	5,928	5,928	-
Travel Allowance	136,341	135,325	138,441
Contributions to UIF, Medical and Pension Funds	102,371	75,313	102,414
Contributions to Group Life	4,603	-	-
Total	642,747	610,070	634,360

23. REMUNERATION OF COUNCILLORS

Mayor	623,041	593,375
Deputy Mayor	502,023	478,122
Speaker	502,023	478,122
EXCO Committee Members	1,735,999	1,722,459
Councillors	7,717,246	7,317,864
Total Councillors' Remuneration	11,080,332	10,589,942

In-kind Benefits

The Mayor, Deputy Mayor and Speaker are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor and Deputy Mayor each have the use of separate Council owned vehicles for official duties.

The Mayor and the Deputy Mayor each have two full-time bodyguards.

EMNAMBITHI / LADYSMITH MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

			2011 R	2010 R
24. FINANCE COSTS				
Long-term liabilities			1,725,578	1,594,605
Finance Lease Obligations			-	95,136
Other interest paid			57,150	30,130
Bank overdrafts			-	-
Total Interest Paid			1,782,728	1,719,871
25. BULK PURCHASES				
Electricity			113,539,623	88,247,288
Total Bulk Purchases			113,539,623	88,247,288
Distribution Losses : Electricity	2011 Kwh	2010 Kwh		
Value of Purchases at Sales Price	267,632,593	261,901,152	171,284,860	151,902,668
Less : Sales	(244,965,121)	(245,983,086)	(156,777,677)	(142,670,190)
Total Losses	22,667,472	15,918,066	14,507,182	9,232,479
Technical Losses	13,381,630	7,857,035	8,564,243	4,557,080
Non-Technical Losses	9,285,842	8,061,031	5,942,939	4,675,398
Total Losses	22,667,472	15,918,066	14,507,183	9,232,478
Percentage of Total Loss	8.47%	6.08%	8.47%	6.08%
26. GRANTS AND SUBSIDIES PAID				
Grants paid to students			148,190	74,510
Grants paid to other			-	6,000
Rates Rebates			4,999,172	5,597,674
Total Grants and Subsidies Paid			5,147,362	5,678,184

EMNAMBITHI / LADYSMITH MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
27. GENERAL EXPENSES		
Included in general expenses are the following:		
Advertising	1,163,426	755,635
Aloe & Berg Tea Project	265,779	88,611
Asset Management	1,861,358	340,802
Audit Fees	1,470,781	1,270,948
Bank Charges	278,436	235,615
Bulk Discounts	527,596	479,954
COVID - Workmen's Compensation	880,142	873,273
Commercialisation of Agricultural Projects	197,555	27,608
Conferences & Delegations	1,194,200	995,117
Connections for KWh Meters	559,274	517,683
Co-operative Development	142,905	206,894
Development Plans	630,298	896,538
Disconnections & Reconnections	621,820	573,142
Electricity	2,592,374	2,049,265
Electricity - Streetlighting	1,849,771	1,509,685
Emergency Relief Fund	267,610	39,057
Entertainment Expenses	143,278	85,398
Events / Programmes	2,124,905	2,080,016
Free Basic Alternative Energy	712,534	752,403
Insurance	2,974,811	2,591,728
Landfill Site Provision	1,043,000	-
Leave Provision	4,440,736	447,515
Legal Expenses	1,407,314	1,406,842
Licence Fees	404,466	258,568
Local Economic Development	165,030	350,545
Materials & Sundries	1,096,086	497,753
Medicines	170,151	132,417
Pauper Burials	129,385	221,969
Performance Management	888,547	238,995
Post Retirement Medical Aid Provision	2,394,254	1,747,565
Postage	933,973	1,010,149
Printing & Stationery	1,514,919	941,252
Project Development	581,461	430,039
Protective Clothing	630,982	266,529
Public Meetings	180,600	-
Rates	234,022	228,412
Refurbishment - NER Requirements	5,647,336	1,607,952
Rent - Buildings / Offices	251,678	-
SARS - Skills Development Levy	1,190,331	1,096,210
Security Services	1,679,118	1,220,856
Siyazenzela Project	2,006,374	2,139,710
Software Database	583,217	118,953
Subscriptions & Membership	743,216	434,782
Swimming Pool Costs	319,832	11,434
Tampered Meters	107,214	217,077
Telephone / Cellphone Cost	3,017,123	2,908,239
Third Party Payments	381,529	409,695
Trade Mission	110,441	-
Training Staff	1,104,531	842,444
Valuation Costs	171,151	303,938
Vehicle / Transport Costs	21,966,604	15,386,281
Ward Committees	359,214	315,758
Water / Sanitation	2,402,424	2,939,002
Youth Development Programme	485,277	-
Zibambele EPW Pilot Project	107,697	-
Other	5,477,831	4,187,672
	84,785,914	58,687,926

EMNAMBITHI / LADYSMITH MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
28. CASH GENERATED BY OPERATIONS		
Surplus/(Deficit) for the year	4,548,746	3,373,244
Adjustment for:-		
Adjustments in Respect of Previous Years & Appropriations	(2,102,853)	745,824
Depreciation / Amortisation	75,273,538	59,098,539
Surplus on sale of assets	-	(437,126)
Loss on sales of assets	422,000	173,684
Contribution to doubtful debt provision	2,486,128	8,362,324
Contribution to landfill site rehabilitation	1,043,000	238,700
Contribution to retirement benefit obligation	915,337	404,000
Loss on impairment	5,809,927	964,228
Operating surplus before working capital changes:	88,395,824	72,923,419
(Increase)/decrease in inventories	4,249,265	(4,801,596)
(Increase)/decrease in debtors	(2,074,650)	(11,051,547)
(Increase)/decrease in other debtors	(10,263,539)	8,879,487
(Increase)/decrease in non-current receivables	-	-
(Decrease)/increase in unspent conditional grants and receipts	2,580,392	5,615,934
(Decrease)/increase in creditors	(4,743,675)	5,690,763
(Decrease)/increase in deposits	243,818	944,419
(Increase)/decrease in VAT Receivable	26,833	6,355,383
Cash generated by operations	78,414,267	84,556,262
29. CORRECTION OF ERROR		
Recognition of Property, Plant & Equipment Additions 2009		
The comparative amount has been restated as follows in the 2010 Financial Year:		
Increase in PPE	5,392,247	
Adjusted against accumulated surplus	(5,392,247)	
Net effect on Statement of Financial Position	-	
Net effect on Accumulated surplus opening balance	(5,392,247)	
Derecognition of Property, Plant & Equipment		
The comparative amount has been restated as follows in the 2010 Financial Year:		
Decrease in PPE – Heritage	(50,000)	
Adjusted against accumulated surplus	50,000	
Net effect on Statement of Financial Position	-	
Net effect on Accumulated surplus opening balance	50,000	
The correction of the errors results in adjustments as follows:		
Statement of financial position		
2008/2009 financial year		
PPE	5,342,247	
Accumulated surplus	(5,342,247)	

EMNAMBITHI / LADYSMITH MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
30. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE		
<u>30.1 Unauthorised Expenditure</u>		
Opening balance	82,392,830	-
Unauthorised expenditure current year	7,580,375	82,392,830
Approved by council or condoned	(82,392,830)	-
Transfer to receivables for recovery – not condoned	-	-
Unauthorised expenditure awaiting authorisation	<u>7,580,375</u>	<u>82,392,830</u>
Unauthorised expenditure is related to the actual expenditure exceeding budgeted expenditure on the Statement of Financial Performance.		
<u>30.2 Irregular Expenditure</u>		
Opening balance	-	-
Irregular expenditure current year	2,869,308	-
Approved by council or condoned	(2,869,308)	-
Transfer to receivables for recovery – not condoned	-	-
Irregular expenditure awaiting authorisation	<u>-</u>	<u>-</u>
Irregular expenditure is related to the non-adherence of Supply chain Management procedures.		
31. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
<u>31.1 Contributions to organised local government</u>		
Opening balance	-	-
Council subscriptions	731,250	409,113
Amount paid – current year	(731,250)	(409,113)
Amount paid – previous years	-	-
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>
<u>31.2 Audit Fees</u>		
Opening balance	-	-
Current year audit fee	1,662,849	1,441,044
Amount paid – current year	(1,662,849)	(1,441,044)
Amount paid – previous years	-	-
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>
<u>31.3 VAT</u>		
All VAT returns have been submitted by the due date throughout the year.		
<u>31.4 PAYE, SDL and UIF</u>		
Opening balance	-	-
Current year payroll deductions	16,994,934	14,158,481
Amount paid – current year	(16,994,934)	(14,158,481)
Amount paid – previous years	-	-
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>
<u>31.5 Pension and Medical Aid Deductions</u>		
Opening balance	-	-
Current year payroll deductions and Council Contributions	27,630,534	25,108,504
Amount paid – current year	(27,630,534)	(25,108,504)
Amount paid – previous years	-	-
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>

EMNAMBITHI / LADYSMITH MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
32. CAPITAL COMMITMENTS		
32.1 Commitments in respect of capital expenditure:		
- Approved but not yet contracted for		
Infrastructure	43,462,000	9,386,944
Community	-	767,262
Heritage	-	-
Other	3,736,000	25,020,898
Housing Development Fund	-	-
Investment Properties	-	-
- Approved and contracted for		
Infrastructure	24,671,330	24,005,056
Community	2,250,000	5,632,738
Heritage	-	-
Other	-	3,546,019
Housing Development Fund	-	-
Investment Properties	-	-
Total	74,119,330	68,358,917
This expenditure will be financed from:		
- External Loans	-	-
- Government Grants	61,348,000	51,518,000
- Own Resources	12,771,330	16,840,917
	74,119,330	68,358,917
32.2 Operating leases		
At the reporting date, outstanding commitments under operating leases fall due as follows:		
Operating leases – as lessee		
Within one year	49,658	22,312
In the second to fifth year inclusive	-	-
After five years	-	-
Total	49,658	22,312
<i>Operating Leases consists of the following:</i>		
Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of five years and rentals have an escalation per annum. No contingent rent is payable.		
Operating leases – as lessor		
Minimum lease payments due		
Within one year	150,424	219,985
In the second to fifth year inclusive	601,697	452,307
After five years	451,273	412,557
Total	1,203,393	1,084,849
<i>Operating Leases consists of the following:</i>		
Certain of the municipality's property is held to provide a service to the community to assist with local economic and social development. Lease agreements are cancellable if agreed by both parties. Most leases have an indefinite term.		

33. RETIREMENT BENEFIT INFORMATION

Defined Contribution Plan

The following are defined contribution plans. These are not treated as defined benefit plans as defined by IAS 19, but are accounted for as defined contribution plans. This is in line with the exemption in IAS 19 par.30 which states that where information required for proper defined benefit plan accounting is not available in respect of multi-employer and state plans, these should be accounted for as defined contribution plans. The municipality has been unsuccessful in obtaining the necessary information to support proper defined benefit plan accounting due to restrictions imposed by the multi-employer plan. It is therefore deemed impracticable to obtain this information at a suitable level of detail.

Natal Joint Municipal Pension Fund (Superannuation)

The latest interim valuation of the NJMP Superannuation Fund as at 31 March 2010 disclosed that the Fund's financial position has deteriorated from the previous statutory valuation. The DCF (Discounted Cash Flow) method disclosed a deficit of R 213 300 000. The current surcharge of 7% of pensionable emoluments will remain in place until the deficit is eliminated. It is expected that the surcharge will remain in place for another 6 years after 2010.

Natal Joint Municipal Pension Fund (Retirement)

The latest interim valuation of the NJMP Retirement Fund (defined benefit) as at 31 March 2010 disclosed a deficit in the fund on the DCF (Discounted Cash Flow) method of R 243 200 000. The current surcharge of 17% of pensionable emoluments will remain in place until the deficit is eliminated. It is expected that the surcharge will remain in place for another 5 years after 2010.

Natal Joint Municipal Provident Fund

The latest interim actuarial valuation of the NJMP Provident Fund (defined contribution) as at 31 March 2010 disclosed that the market value of assets exceeded the liabilities by R 17 651 000.

34. COUNCILLOR'S ARREAR CONSUMER ACCOUNTS

The following Councillors had arrear accounts outstanding for more than 90 days during the 2010/2011 financial year:

Cllr B B Biyela
Cllr M P Dladla
Cllr Z J Dladwa
Cllr J E Mthabela
Cllr T E Ndlovu
Cllr V Ramdaas Bachu
Cllr T H Thabede
Cllr A S D Warasally

35. RELATED PARTIES

The Municipality has no related parties.

36. RISK MANAGEMENT

Financial Risk Management

The municipality's activities exposes it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects of the municipality's financial performance.

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and utilised borrowing facilities are monitored.

Interest Rate Risk

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter - party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards.

Credit guarantee insurance is purchased when deemed appropriate.

EMNAMBITHI / LADYSMITH MUNICIPALITY

APPENDIX A

SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2011

EXTERNAL LOANS				Balance at 30 June 2010 R	Received R	Redeemed or Written Off R	Balance at 30 June 2011 R
LONG-TERM LOANS							
Absa Bank – Tsakane Electrification F.N.B. – Capital Expenditure Absa Bank – Surveillance Cameras	Interest Rate	Loan Ref.	Redeemable				
	9.10%	A1	Feb 2026	5,763,504	-	174,559	5,588,945
	9.10%	F3	Feb 2016	10,905,656	-	10,905,656	-
		A2	June 2013	-	3,300,000	1,004,892	2,295,108
Total Long-Term Loans				16,669,160	3,300,000	12,085,106	7,884,054
GOVERNMENT LOANS							
Receiver of Revenue – Housing Vat Debtors				103	-	103	0
Total Government Loans				103	-	103	0
TOTAL EXTERNAL LOANS				16,669,263	3,300,000	12,085,209	7,884,054

EMNAMBITHI / LADYSMITH MUNICIPALITY

APPENDIX B

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2011

	Cost						Accumulated Depreciation			Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Impairment Loss	Closing Balance	Opening Balance	Additions	Disposals	
Infrastructure										
Electricity	260,637,959	5,408,859	5,759,442	-	-	271,806,260	95,954,211	5,345,224	-	101,299,435
Roads	683,815,293	2,903,233	23,130,074	-	-	709,848,600	413,053,971	35,122,459	-	448,176,430
Public Safety	18,635,781	-	-	-	-	18,635,781	8,368,691	1,128,947	-	9,497,638
Solid Waste	5,537,786	-	254,720	-	-	5,792,507	218,350	218,359	-	436,709
Stormwater	54,376,866	678,421	-	-	-	55,055,287	30,591,524	1,155,485	-	31,747,009
	1,023,003,685	8,990,514	29,144,237	-	-	1,061,138,436	548,186,747	42,970,474	-	591,157,221
Community Assets										
Land & Buildings	81,681,444	574,935	5,027,730	-	-	87,284,109	60,252,977	9,917,514	-	70,170,491
Recreation Facilities	43,792,643	2,807,986	598,022	-	-	47,198,652	26,594,179	4,648,905	-	31,243,084
	125,474,087	3,382,921	5,625,752	-	-	134,482,760	86,847,156	14,566,419	-	101,413,575
Heritage Assets										
Buildings	15,277,000	-	-	-	-	15,277,000	-	-	-	-
Other	25,512	-	-	-	-	25,512	7,363	3,637	-	11,001
	15,302,512	-	-	-	-	15,302,512	7,363	3,637	-	11,001
Other Assets										
Land & Buildings	85,643,896	4,539,060	4,759,831	-	-	94,942,787	64,392,157	10,083,386	-	74,475,543
Office Equipment	11,828,931	821,508	-	-	-	11,474,335	3,561,101	1,814,023	-	5,119,961
Furniture & Fittings	9,922,264	478,598	-	-	-	9,081,486	3,224,721	1,323,672	-	4,107,812
Motor Vehicles	55,488,364	3,914,534	-	-	-	57,829,719	9,552,619	2,456,995	-	12,006,280
Plant & Equipment	16,017,868	1,955,021	-	-	-	16,231,621	4,089,137	1,706,383	-	5,344,637
Other	-	-	-	-	-	-	-	-	-	-
	178,901,323	11,708,720	4,759,831	-	5,809,927	189,559,947	84,819,736	17,384,460	1,149,963	101,054,233
Leased Assets										
Office Equipment	364,705	-	-	-	-	364,705	241,496	51,330	-	292,826
	364,705	-	-	-	-	364,705	241,496	51,330	-	292,826
Land Assets										
Land with Buildings	10,017,000	-	-	-	-	10,017,000	-	-	-	-
Vacant Land	14,305,000	-	-	-	-	14,305,000	-	-	-	-
	24,322,000	-	-	-	-	24,322,000	-	-	-	-
Total	1,367,368,313	24,082,155	39,529,819	-	5,809,927	1,425,170,360	720,102,498	74,976,321	1,149,963	793,928,856
										631,241,503

EMNAMBITHI / LADYSMITH MUNICIPALITY
APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

	Cost						Accumulated Depreciation			Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Impairment Loss	Closing Balance	Opening Balance	Additions	Disposals	
Admin and Valuation	11,151,502	85,191	-	-	32,478	11,204,215	6,673,783	694,867	3,776	7,364,874
BE Housing / Building Control	24,721,170	134,831	-	-	71,998	24,784,003	4,935,281	513,856	2,792	5,446,345
Clinics	6,681,529	-	-	-	1,847,151	4,834,378	4,250,925	442,602	744,951	3,948,575
Community Services	76,533,346	8,008,203	5,625,752	-	222,896	89,944,405	54,830,752	5,708,921	31,022	60,508,651
Corporate Services	8,720,584	560,288	-	-	25,398	9,255,474	1,959,012	203,970	1,108	2,161,874
Council General	904,119	248,179	4,759,831	-	2,633	5,909,495	432,563	45,038	245	477,356
Development & Planning	14,829,460	126,975	-	-	43,189	14,913,246	3,596,329	374,446	2,035	3,968,740
Electricity Service	266,876,044	6,603,314	5,759,442	-	777,252	278,461,549	97,660,804	10,168,341	55,255	107,773,891
Environmental Hygiene	10,790,768	262,391	254,720	-	31,427	11,276,452	1,834,651	191,022	1,038	2,024,634
Finance Management and Leadership	3,915,014	69,488	-	-	11,402	3,973,100	1,090,395	113,531	617	1,203,309
Fire Brigade	3,764,250	44,814	-	-	10,963	3,798,101	1,982,329	206,398	1,122	2,187,605
Mayoral	634,512	37,420	-	-	1,848	670,084	170,209	17,722	96	187,835
Municipal Manager	226,601	21,606	-	-	660	247,547	69,704	7,257	39	76,922
Parks & Gardens	47,731,169	1,448,742	-	-	139,013	49,040,899	28,585,558	2,976,298	16,173	31,545,683
Public Safety	37,720,490	777,501	-	-	109,857	38,388,133	14,803,642	1,541,340	8,376	16,336,606
Public Works	748,424,391	5,653,212	23,130,074	-	2,179,618	775,028,059	449,641,708	46,816,225	254,395	496,203,538
Real Estate and Housing	103,743,363	-	-	-	302,143	103,441,220	47,584,853	4,954,485	26,923	52,512,416
TOTAL	1,367,368,312	24,082,155	39,529,819	-	5,809,927	1,425,170,360	720,102,498	74,976,321	1,149,963	793,928,856
										631,241,503

EMNAMBITHI / LADYSMITH MUNICIPALITY

APPENDIX D

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED

30 JUNE 2011

2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus / (Deficit) R		2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus / (Deficit) R
			Municipal Manager	-	2,713,236	-2,713,236
2,648,278	1,597,404	-1,597,404	Admin and Valuation	2,467,515	34,846,904	-32,379,389
225,271,685	22,797,796	-20,149,518	Council General	249,148,937	100,125,945	149,022,993
297,572	105,670,853	119,600,832	Corporate Services	649,290	3,618,219	-2,968,930
2,117,227	2,593,428	-2,295,856	Finance	2,280,288	9,786,998	-7,506,709
267,493	6,285,279	-4,168,051	Public Works	6,739,151	76,120,067	-69,380,916
99,854	67,837,546	-67,570,053	Development & Planning	167,365	10,250,126	-10,082,761
7,454,865	11,777,826	-11,677,972	Admin And Environmental Health	13,360,650	38,370,796	-25,010,146
9,451,849	26,957,711	-19,502,845	Public Safety	14,158,617	27,619,457	-13,460,840
	22,802,760	-13,350,912	Mechanical Workshop	-	638,039	-638,039
308,020	689,901	-689,901	Real Estate and Housing	330,700	12,308,133	-11,977,432
26,249,883	6,826,598	-6,518,578	Environmental Hygiene	28,601,806	28,303,096	298,710
144,688,376	28,867,827	-2,617,944	Electricity Service	173,092,761	165,832,015	7,260,746
	134,842,229	9,846,147				
418,855,102	439,547,158	-20,692,056	Sub Total	490,997,081	510,533,031	-19,535,951
-	-24,065,300	24,065,300	Less : Inter-Departmental Charges	-	-24,084,697	24,084,697
418,855,102	415,481,858	3,373,244	Total	490,997,081	486,448,334	4,548,746

EMNAMBITHI / LADYSMITH MUNICIPALITY

APPENDIX E

STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION AS AT 30 JUNE 2011

Description	Original Budget R	Budget Adjustments (i.t.o. s28 & s31 of the MFMA) R	Virement (i.t.o. Council Approved By-Law) R	Final Budget R	Actual R	Unauthorised Expenditure R	Variance R	Actual as a % of Final Budget %	Actual Outcome As A % Of Original Budget %
Financial Performance									
Property Rates	100,459,418	101,693,222	-	101,693,222	101,693,924	-	702	100.00%	101.23%
Property Rates - Penalties Imposed & Collection Charges	9,547,236	9,547,236	-	9,547,236	9,234,879	-	(312,357)	96.73%	96.73%
Services Charges	194,293,754	174,442,536	-	174,442,536	175,021,924	-	579,388	100.33%	90.08%
Interest Earned - External Investments	4,374,160	4,728,736	-	4,728,736	5,269,047	-	540,311	111.43%	120.46%
Interest Earned - Outstanding Debtors	2,200,405	2,200,405	-	2,200,405	1,078,141	-	(1,122,264)	49.00%	49.00%
Fines	2,603,438	5,760,835	-	5,760,835	4,363,734	-	(1,397,101)	75.75%	167.61%
Licences and Permits	4,627,955	6,384,759	-	6,384,759	6,184,630	-	(200,129)	96.87%	133.64%
Transfers and Grants Recognised - Operational	97,636,195	105,060,721	-	105,060,721	103,300,947	-	(1,759,774)	98.32%	105.80%
Transfers and Grants Recognised - Low Cost Housing	-	-	-	-	19,807,143	-	19,807,143	-	-
Other Income	61,069,098	56,434,309	-	56,434,309	23,013,539	-	(33,420,770)	40.78%	37.68%
Total Revenue (Excl. Capital Transfers & Contributions)	476,811,659	466,252,759	-	466,252,759	448,967,907	-	(17,284,852)	96.29%	94.16%
Employee Related Costs	113,342,350	110,578,418	-	110,578,418	114,977,312	-	4,398,894	103.98%	101.44%
Remuneration of Councillors	15,213,609	14,034,013	-	14,034,013	11,080,332	-	(2,953,681)	78.95%	72.83%
Debt Impairment	11,037,230	11,037,230	-	11,037,230	2,486,128	-	(8,551,102)	22.52%	22.52%
Indigency	20,864,980	21,264,980	-	21,264,980	12,405,955	-	(8,859,025)	58.34%	59.46%
Depreciation and Asset Impairment	17,742,248	67,693,163	-	67,693,163	75,273,538	7,580,375	7,580,375	111.20%	424.26%
Repairs and Maintenance	30,186,290	32,750,015	-	32,750,015	27,656,336	-	(5,093,679)	84.45%	91.62%
Finance Costs	517,439	408,000	-	408,000	1,782,728	-	1,374,728	436.94%	344.53%
Bulk Purchases	146,122,632	116,600,000	-	116,600,000	113,539,623	-	(3,060,377)	97.38%	77.70%
Grants / Subsidies and Rebates Paid	2,251,300	5,547,614	-	5,547,614	5,147,362	-	(400,252)	92.79%	228.64%
Transfers and Grants	-	-	-	-	11,274,037	-	11,274,037	-	-
Transfers and Grants - Low Cost Housing	-	-	-	-	19,807,143	-	19,807,143	-	-
Other Expenditure	119,533,581	128,122,458	-	128,122,458	84,785,914	-	(43,336,544)	66.18%	70.93%
Total Expenditure	476,811,659	508,035,891	-	508,035,891	480,216,407	7,580,375	(27,819,484)	94.52%	100.71%
Surplus/(Deficit)	-	(41,783,132)	-	(41,783,132)	(31,248,500)	(7,580,375)	10,534,632	74.79%	-
Transfers Recognised - Capital	51,518,000	103,445,000	-	103,445,000	42,029,173	-	(61,415,827)	40.63%	81.58%
Contributions Recognised - Capital and Contributed Assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) After Capital Transfers & Contributions	51,518,000	61,661,868	-	61,661,868	10,780,674	(7,580,375)	(50,881,194)	17.48%	20.93%
Capital Expenditure and Funds Sources									
Capital Expenditure	51,518,000	103,445,000	-	103,445,000	42,029,173	-	(61,415,827)	40.63%	81.58%
Transfers Recognised - Capital	-	-	-	-	-	-	-	-	-
Public Contributions and Donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally Generated Funds	16,840,917	23,458,501	-	23,458,501	21,582,802	-	(1,875,699)	92.00%	128.16%
Total Sources of Capital Funds	68,358,917	126,903,501	-	126,903,501	63,611,975	-	(63,291,526)	50.13%	93.06%
Cash Flows									
Net Cash From (Used) Operating	-	-	-	-	82,978,727	-	-	-	-
Net Cash From (Used) Investing	-	-	-	-	(63,733,156)	-	-	-	-
Net Cash From (Used) Financing	-	-	-	-	(8,783,910)	-	-	-	-
Cash/Cash Equivalents At The Year End					10,461,661				